

Message Text

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ACTION EB-08

INFO OCT-01 EUR-12 ISO-00 FEA-01 CIAE-00 DODE-00
NSAE-00 NSCE-00 SSO-00 USIE-00 INRE-00 ERDA-07
AID-05 CEA-01 COME-00 FPC-01 H-02 INR-07 INT-05
L-03 OMB-01 PM-05 OES-07 SP-02 SS-15 STR-04
TRSE-00 ACDA-10 /097 W

-----107554 051748Z /43

O 051731Z SEP 77

FM AMEMBASSY OTTAWA

TO SECSTATE WASHDC IMMEDIATE 4657

INFO AMCONSUL CALGARY

AMCONSUL HALIFAX

AMCONSUL MONTREAL

AMCONSUL QUEBEC

AMCONSUL TORONTO

AMCONSUL VANCOUVER

AMCONSUL WINNIPEG

UNCLAS OTTAWA 08030

PASS WHITE HOUSE/SCHLESINGER AND GOLDMAN, FPC AND FEA

E.O. 11652: N/A

TAGS: ENRG, CA

SUBJECT: NORTHERN GAS PIPELINE: MEDIA REACTION TO
AGREEMENT IN PRINCIPLE

REF: OTTAWA 7993

1. FIRST REPORTS OF CONCLUSION OF PIPELINE NEGOTIATIONS
WERE LEAD OR SECOND STORIES ON LATE EVENING NEWS
SEPTEMBER 2 FOR NATIONAL TV NETWORKS AND IN OTTAWA,
TORONTO AND MONTREAL PRESS SEPTEMBER 3. REPORTS WERE
BRIEF, FACTUAL AND POSITIVE. REPORTS FOCUSED ON CHIEF
NEGOTIATORS' BRIEF COMMENTS AND DESCRIBED OUTCOME OF
TWO DAYS OF INTENSIVE NEGOTIATION AS AN ORAL AGREEMENT
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IN PRINCIPLE FOR CONSIDERATION AND APPROVAL BY BOTH
GOVERNMENTS, WITH SOME DETAILS STILL TO BE WORKED OUT.

2. MOST REPORTS DESCRIBED CANADA'S MACEACHEN AS PLEASED
AND CONFIDENT, WHILE NOTING SECRETARY SCHLESINGER HAD
AVOIDED SAYING HE WOULD RECOMMEND AGREEMENT TO THE
PRESIDENT BUT ONLY THAT HE WOULD BE DELIGHTED TO PRESENT

IT. THIS NUANCE WAS INTERPRETED AS SUGGESTING SOME CONTINUING RESERVATION ON U.S. SIDE. FACT THAT DETAILS OF AGREEMENT WERE NOT RELEASED WAS UNIVERSALLY NOTED BUT NOT BEMOANED. THERE WAS ALSO GENERAL SPECULATION THAT PIPELINE WOULD FEATURE IN MEETING BETWEEN PRESIDENT AND PRIME MINISTER TRUDEAU ON THURSDAY WHEN LATTER VISITS WASHINGTON FOR PANAMA CANAL TREATY SIGNING.

3. MEDIA COVERAGE OF AGREEMENT HAS CONTINUED THROUGH US-CANADIAN LABOR DAY WEEKEND. CTV REPORTED SUNDAY EVENING (SEPT. 4) THAT U.S. FIRMS IN PIPELINE CONSORTIUM HAVE AGREED TO ACCELERATED PROPERTY TAX PAYMENTS AS MEANS TO OFFSET SOCIO-ENVIRONMENTAL COSTS. RECOVERING FROM FAILURE TO COVER CONCLUSION OF NEGOTIATIONS IN ITS SATURDAY EDITION, SEPTEMBER 5 TORONTO GLOBE AND MAIL CARRIED LONG AND DETAILED ACCOUNT OF ISSUES IN NEGOTIATION BY USUALLY WELL-INFORMED CORRESPONDENT JEFF CARRUTHERS.

4. CARRUTHERS' ARTICLE IS ESPECIALLY NOTEWORTHY FOR ITS COVERAGE OF DISPOSITION OF DAWSON DIVERSION ISSUE. PRESS HAS CONSISTENTLY REPORTED GOC EMPHASIS ON DIVERSION AS MAIN FUTURE BENEFIT TO CANADA FROM AN ESSENTIALLY U.S. GAS LINE, AND FACT THAT AGREEMENT WAS REACHED ON ALCAN HIGHWAY ROUTE, DESIRED BY U.S., WAS NOTED WITHOUT EXTENSIVE COMMENT PENDING RELEASE OF DETAILS. CARRUTHERS, DRAWING ON GOC SOURCES, OUTLINED PROPOSED TECHNICAL MODIFICATIONS

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OF LINE TO PROVIDE EFFICIENT CARRYING CAPACITY FOR EVENTUAL TRANSPORT OF CANADIAN GAS FROM MACKENZIE DELTA AREA AND REPORTED NEGOTIATORS' CONCLUSION THAT MODIFIED ALCAN HIGHWAY ROUTE COULD PROVIDE CHEAPER COST OF SERVICE TO BOTH U.S. AND CANADA THAN ROUTE THROUGH DAWSON. ALSO NOTED WAS LESSENNED ENVIRONMENTAL IMPACT FROM FOLLOWING ESTABLISHED TRANSPORTATION CORRIDOR. BOTTOM LINE FOR CARRUTHERS IS THAT BOTH GOVERNMENTS NEEDED, AND APPEAR TO HAVE SUCCEEDED IN FINDING, A ROUTE AND FINANCIAL FORMULA THAT SAVES MONEY AND FACE FOR BOTH. DUEMLING

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Disposition Event:
Disposition History: n/a
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